USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 9/13/2004

GAIN Report Number: SF4035

South Africa, Republic of

Fresh Deciduous Fruit

Semi-Annual

2004

Approved by:
Scott Reynolds
U.S. Embassy

Prepared by:
Patricia Mabiletsa

Report Highlights:
South Africa's 2003/04 fresh deciduous fruit production is expected to increase by about 5% because of good rains and temperatures from the last season. Apple production will rise by 3%, table grapes 2%, and pears will increase by 13% from last year. The industry is planning to reduce the current high input costs, and to develop new markets and expand existing ones both locally and internationally. Europe is still South Africa's most important export market, although export trends are changing as South Africa's market shares are increasing in Russia, the Far East and African regions.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Pretoria [SF1]
[SF]

Table of Contents

Executive Summary

South Africa's 2003/4 fresh deciduous fruit production is expected to increase by about 5% because of good rains and temperatures from the last season. Apple production will rise by 3%, table grapes by 2%, and pears will increase by 13% from last year.

Exports are expected to increase by 11% despite increasing export costs resulting from the strong value of the Rand against other currencies. An increase of about 10% is also expected on domestic consumption because of increasing local demand for fresh fruit.

The industry is planning to reduce the current high input costs, and to develop new markets and expand existing ones both locally and internationally. Europe is still South Africa's most important export market, although export trends are changing as South Africa's market shares are increasing in Russia, the Far East and other African regions.

Production

NB: It is important to understand that the data from the National Department of Agriculture (NDA) is preliminary from 2001-2003. For this report, we use the NDA data only for indications of domestic consumption and production where necessary.

INPUT COSTS (REAL CHANGES)			
YEARLY CHANGES	**2002 %**	**2003 %**	**2004 %**
Fertilizer	3	-5	-2
Trace Elements	-2	2	-11
Chemicals	6	0.1	-9
Packaging	3	2	8

Source: OABS

Current Issues:

One of the deciduous fruit industry current issues is to reduce high input costs. The costs have been escalating irrespective of the strengthening of the Rand compared to the US Dollar. The industry also focuses on developing new markets and expanding existing ones both locally and internationally. The South African Deciduous Fruit Producer Trust plans to look at alternative ways of adding value to their fresh fruit like packaging and enhancing the product shelf-life.

Production Subcategory

Apples

South Africa, Republic of Apples, Fresh							
	2001	**Revised**	**2002**	**Estimate**	**2003**	**Forecast**	**UOM**
	USDA Official [Old]	**Post Estimate [New]**	**USDA Official [Old]**	**Post Estimate [New]**	**USDA Official [Old]**	**Post Estimate [New]**	
Market Year Begin		**01/2002**		**01/2003**		**01/2004**	**MM/YYYY**
Area Planted	23500	23500	24000	24000	24200	24200	(HA)
Area Harvested	17700	17700	18000	18000	18300	18300	(HA)
Bearing Trees	16160	16160	16200	16200	16470	16470	(1000 TREES)
Non-Bearing Trees	6150	6150	5400	5400	5310	5310	(1000 TREES)
Total Trees	22310	22310	21600	21600	21780	21780	(1000 TREES)
Commercial Production	584339	591414	680000	681953	700000	701200	(MT)
Non-Comm. Production	0	0	0	0	0	0	(MT)
TOTAL Production	584339	591414	680000	681953	700000	701200	(MT)
TOTAL Imports	0	20	0	7	0	10	(MT)
TOTAL SUPPLY	584339	591434	680000	681960	700000	701210	(MT)
Domestic Fresh Consump	158684	152779	160000	158461	220000	180200	(MT)
Exports, Fresh Only	257583	257583	400000	326045	350000	350000	(MT)
For Processing	168072	181072	120000	197454	130000	171010	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	584339	591434	680000	681960	700000	701210	(MT)

The South African apple producers expect to grow more Sundowner apples because of its high production and easy handling (they pack well because of their low percentage defects and less susceptibility to bruising, and longer shelf-life). They are picked in May and currently have the short period of availability. The South African Sundowner has not enjoyed big promotion like the Pink Lady worldwide, although expectations are it will be positioned above the Gala and Braeburn apple, which will be second position from Pink Lady. South Africa is the smallest producer for the Sundowner variety, with about 600,000 MT in 2000 compared to the world production of about 60 million MT. Both the Sundowner and the Pink Lady varieties originated in Western Australia, and are owned by the Australian government while the Apples and Pears Australian Limited in Melbourne own the brands.

South Africa, Republic of Apple Juice, Concentrated							
	2001	**Revised**	**2002**	**Estimate**	**2003**	**Forecast**	**UOM**
	USDA Official [Old]	**Post Estimate [New]**	**USDA Official [Old]**	**Post Estimate [New]**	**USDA Official [Old]**	**Post Estimate [New]**	
Market Year Begin		**01/2002**		**01/2003**		**01/2004**	**MM/YYYY**
Deliv. To Processors	168072	181072	120000	197454	130000	171010	(MT)
Beginning Stocks	0	0	0	0	0	0	(MT)
Production	28000	26250	30000	30000	27000	27000	(MT)
Imports	6000	2375	5900	5765	6000	5500	(MT)
TOTAL SUPPLY	**34000**	**28625**	**35900**	**35765**	**33000**	**32500**	**(MT)**
Exports	24750	8610	25000	15126	24000	13600	(MT)
Domestic Consumption	9250	20015	10900	20639	9000	18900	(MT)
Ending Stocks	0	0	0	0	0	0	(MT)
TOTAL DISTRIBUTION	**34000**	**28625**	**35900**	**35765**	**33000**	**32500**	**(MT)**

Table grapes

South Africa, Republic of Grapes, Table, Fresh							
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	18500	18500	19000	19000	19200	19200	(HA)
Area Harvested	11300	11300	11800	11800	12200	12200	(HA)
Commercial Production	368583	337808	370000	386787	365000	395000	(MT)
Non-Comm. Production	0	0	0	0	0	0	(MT)
TOTAL Production	368583	337808	370000	386787	365000	395000	(MT)
TOTAL Imports	0	314	0	479	0	480	(MT)
TOTAL SUPPLY	368583	338122	370000	387266	365000	395480	(MT)
Domestic Fresh Consump	26623	26578	28000	29669	23000	32000	(MT)
Exports, Fresh Only	207279	207279	227000	198293	242000	220000	(MT)
For Processing	134681	104265	115000	159304	100000	143480	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	368583	338122	370000	387266	365000	395480	(MT)

NB: Production figures, domestic consumption, exports, and processing are updated.

Pears

South Africa, Republic of Pears, Fresh							
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	13600	13600	14000	14000	14200	14200	(HA)
Area Harvested	9700	9700	10000	10000	12000	12000	(HA)
Bearing Trees	8300	8300	8500	8500	10200	10200	(1000 TREES)
Non-Bearing Trees	5900	5900	6100	6100	6300	6300	(1000 TREES)
Total Trees	14200	14200	14600	14600	16500	16500	(1000 TREES)
Commercial Production	320040	320040	340000	303549	390000	343000	(MT)
Non-Comm. Production	0	0	0	0	0	0	(MT)
TOTAL Production	320040	320040	340000	303549	390000	343000	(MT)
TOTAL Imports	0	0	0	1	0	1	(MT)
TOTAL SUPPLY	**320040**	**320040**	**340000**	**303550**	**390000**	**343001**	**(MT)**
Domestic Fresh Consump	53766	53766	53000	60913	55000	62000	(MT)
Exports, Fresh Only	119076	119076	150000	118329	180000	145000	(MT)
For Processing	145998	145998	135500	122808	153000	134500	(MT)
Withdrawal From Market	1200	1200	1500	1500	2000	1501	(MT)
TOTAL UTILIZATION	**320040**	**320040**	**340000**	**303550**	**390000**	**343001**	**(MT)**

NB: Updates are made for production, domestic consumption, exports and processing.

Consumption

South Africa's per capita consumption of deciduous fruit is as follows: 1.20 kg for pears, 0.55 kg for table grapes, and 5.64 kg for apples. South African consumers prefer fresh fruit to processed fruit products. The increasing demand for fresh fruit in the local market will cause producers to expand sales in South Africa.

Consumption Subcategory

Domestic prices for deciduous fruit are indicated below:

Local Fruit Prices (RAND/TON)			
	2002	2003	2004*
Apples	2,282	2,409	2,431
Table Grapes	3,357	3,609	3,964
Pears	1,712	1,996	2,239

Source: NDA
*** =** Estimation
Trade
Europe is still South Africa's important export market. However, export trends are changing as more of South African fruits are gaining market shares in other areas, namely, Russia, the Far East, and African regions.

Apples

South Africa, Republic of Fresh Apples			
Time Period	**Jan-Dec**	**Units:**	**MT**
Exports for:	**2002**		**2003**
U.S.	2,102	U.S.	3,516
Others		Others	
United Kingdom	69,691	United Kingdom	117,750
Netherlands	25,851	Netherlands	34,301
Belgium	22,392	Belgium	29,247
Malaysia	17,039	Malaysia	13,190
Angola	10,552	France	8,928
Benin	9,310	Russia	8,880
Germany	8,928	Germany	8,357
Saudi Arabia	6,301	Benin	7,995
Canada	6,190	U.Arab Emi.	7,938
Hongkong	6,026	Saudi Arabia	7,109
Total for Others	182280		243695
Others not Listed	73,201		78,834
Grand Total	257583		326045

Source: WTA

South Africa, Republic of Fresh Apples			
Time Period	**January-June**	**Units:**	**MT**
Exports for:	**2003**		**2004**
United States	**0**	**United States**	**0**
United Kingdom	64,889	United Kingdom	67,497
Netherlands	28,990	Netherlands	17,681
Belgium	20,956	Malaysia	12,332
France	8,259	Belgium	10,597
Germany	6,101	Germany	7,096
Total Listed	**129,195**	**Total Listed**	**115,203**
Others not Listed	**65,321**	**Others not Listed**	**69,169**
Grand Total	**194,516**	**Grand Total**	**184,372**

Source: WTA

Tablegrapes

NB: The export matrix for tablegrapes is updated. The data from the initial report (SF4001) included exports for raisins.

South Africa, Republic of Fresh Table Grapes			
Time Period	**Jan-Dec**	**Units:**	**MT**
Exports for:	**2002**		**2003**
U.S.	**4,882**	**U.S.**	**2,672**
Others		Others	
Netherlands	61,801	Netherlands	72,871
United Kingdom	45,023	United Kingdom	37,881
Belgium	33,799	Belgium	26,927
Germany	16,393	Germany	15,332
Hongkong	10,351	Hongkong	6,281
Canada	5,747	Canada	5,639
France	3,791	France	3,822
Spain	3,566	U.A.Emirates	2,967
U.A.Emirates	3,499	Russia	2,721
Saudi Arabia	3,216	Spain	2,561
Total for Others	**187186**		**177002**
Others not Listed	**15,211**		**18,619**
Grand Total	**207279**		**198293**

Source: WTA

South Africa, Republic of Fresh Tablegrapes			
Time Period	**January-June**	**Units:**	**MT**
Exports for:	**2003**		**2004**
United States	**2,628**	**United States**	**2,558**
Netherlands	68,472	Netherlands	82,591
United Kingdom	25,583	United Kingdom	35,064
Belgium	24,355	Belgium	31,030
Germany	14,885	Germany	15,497
Hong Kong	5,742	Hong Kong	5,844
Total Listed	**141,665**	**Total Listed**	**172,584**
Others not Listed	**33,862**	**Others not Listed**	**37,404**
Grand Total	**175,527**	**Grand Total**	**209,988**

Source: WTA

Pears

South Africa, Republic of Fresh Pears			
Time Period	**Jan - Dec**	**Units:**	**MT**
Exports for:	**2002**		**2003**
U.S.	510	U.S.	584
Others		Others	
Netherlands	31,016	Netherlands	32,616
United kingdom	26,406	United Kingdom	23,496
Belgium	16,529	Belgium	19,624
France	8,209	France	7,052
Germany	7,974	Russia	5,795
Malaysia	4,969	Germany	5,647
Russia	3,996	Malaysia	3,453
Canada	2,962	Canada	2,987
Singapore	2,533	Singapore	2,915
Hong kong	2,286	Hongkong	2,770
Total for Others	**106880**		**106355**
Others not Listed	**11,686**		**11,390**
Grand Total	**119076**		**118329**

Source: WTA

South Africa, Republic of Fresh Pears			
Time Period	**January - June**	**Units:**	**MT**
Exports for:	**2003**		**2004**
United States	**251**	**United States**	**962**
Netherlands	31,805	Netherlands	33,137
United Kingdom	19,762	Belgium	20,601
Belgium	18,816	United Kingdom	20,594
France	7,031	France	7,080
Germany	5,522	Russia	6,680
Total Listed	**83,187**	**Total Listed**	**89,054**
Others not Listed	**25,743**	**Others not Listed**	**33,232**
Grand Total	**108,930**	**Grand Total**	**122,286**

Source: WTA

Trade Subcategory

Average Fresh Export Profitability (2003& Est2004) US $1 = R7.56 (2003); US $1 = R6.64 (Sept 07,2004)						
	Grapes		Apples		Pears	
	Rand		Rand		Rand	
Marketing Year	**2003**	**2004**	**2003**	**2004**	**2003**	**2004**
Gross Price	**78.01**	**63.13**	**87.59**	**86.64**	**89.45**	**88.48**
Import duty	6.35	4.63	3.91	3.87	6.53	6.46
Importers Commission	6.93	5.05	6.66	6.59	7.00	6.92
Overseas Handling	7.12	5.19	10.25	10.14	10.25	10.14
CIF	**57.61**	**48.28**	**65.21**	**66.04**	**65.67**	**64.96**
Insurance	0.43	0.31	0.64	0.63	0.64	0.63
Seafreight	12.94	11.64	17.50	15.74	17.50	15.74
FOB	**44.24**	**36.33**	**47.07**	**49.68**	**47.53**	**48.59**
Loading and port costs	1.53	1.11	3.50	3.46	3.50	3.46
Exporters commission	3.79	2.76	5.06	5.01	5.00	4.95
D.I.P.	**38.92**	**32.45**	**40.07**	**41.21**	**39.03**	**40.18**
DFPT levies	0.23	0.17	0.25	0.25	0.25	0.25
PPECB	0.24	0.17	0.25	0.25	0.25	0.25
Transport to port	0.86	0.63	0.90	0.89	0.90	0.89
Production and packaging costs	31.42	30.16	34.00	32.64	30.00	28.80
Net farm income	**6.18**	**1.33**	**4.76**	**7.19**	**7.64**	**10.00**
Carton size (kg)	4.50	4.50	12.5	12.5	12.5	12.5
Cartons/ton		**222**		**80**		**80**
Net farm income /metric ton	**1,373.00**	**295**	**380.80**	**575**	**610.80**	**800**

Source: OABS

The stronger rand is forcing the industry stakeholders (farmers, exporters, fresh markets) to drive unnecessary costs from the supply chains, to maximize profits and to make the supply chains as transparent as possible.

Stocks
None

Stocks Subcategory
None

Policy

The deciduous fruit industry is developing a plan that will encompass a Black Economic Empowerment (BEE) charter. Land reform is currently the big issue within the whole agricultural sector, following the publication of the new governmental guideline – Agriculture Bee Framework. The framework is a strategy to generate equitable market access and development and is compared to the agricultural sector plan. It is composed of the private sector, labor, and government-provincial & national. Agri – BEE is considered a negotiable process that will be coordinated by a team, consisting of all agricultural stakeholders, led by the Director General of the NDA. Expectations of the framework for 2014 is as follows:

- Sustainable partnership
- Increased non-racial large commercialized farming sector
- Agricultural sector will work with the transport department.

- Regional trade- with agricultural production shifted to the Northern Africa
- Equity within the industry
- Growth of the poultry industry
- The New Partnership for Africa's Development (NEPAD)'s: Comprehensive Africa Agricultural Development program (CAADP)
- Preservation of water retention and access from Congo river
- Food system will be pressured by increased urban development.

The three land reform programs (Restitution, Redistribution, and Land Tenure reform) in place are expected to contribute to the national strategy that aims at transferring 30% of agricultural land to the victims of racial land dispossession by 2015. The government is determined to implement a rapid land release program to ensure improved delivery of the programs. By December 2005, the remaining 27,000 land claims are expected for settlement. Another current legislation affecting the deciduous fruit industry is the Communal Land Rights Act No. 11 of 2004 that is expected to release the development potential of land mainly in the former homeland areas. However, the government will maintain a balance between a need for land for the landless, and a need for food security and economic growth.

Policy Subcategory

The National Department of Agriculture enforced new legislation that ensures compliance with international food safety protocols to protect trade. All food plants for exports should be certified.

South African fruit export is well positioned for traceability. The deciduous fruit sector has been using pallet tracking and electronic interchange of data between 200 European and local supply chain companies since mid-1990. Proprietary industry codes, data standards and message formats developed are used extensively. In 2000, South Africa developed a Fresh Produce Traceability Project (SAFPTP) to liase with the international FPTP. Carton labels and a new intergrated pallet label were designed to cater for the South African proprietary pallet number and bar codes, and the recommended EAN.UCC standards and bar codes. Also, by late 2003, Fruit South Africa formed the South African National Perishable Industries Information Technologies and Standards Association (SANPIITSA) to enable improved visibility (tracking and tracing) of individual transactions and consignments. SANPIITSA membership consists of the industry, government, and service providers.

Marketing

The South African consumers, not only those in the upper income bracket, demand better quality, more variety and more options. They also expect better food-safety measures from growers, probably lower than their international counterparts, but still at significant levels.

The demand for organic produce is gradually increasing, as many consumers perceive organic produce to be healthier and free of chemical residues.

The South African deciduous fruit exporters created a good reputation in the international market by consistently supplying top-quality products. This was emphasized at the Australian Supply Chain conference in October 2003, when one of South Africa's leading exporting company, Capespan, was invited to provide its model as a guide for improvement of the Australian supply chains.

Marketing Subcategory
None